

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison
Company (U 338 E) Regarding the Future
Disposition of the Mohave Generating Plant.

Application 02-05-046
(Filed May 17, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING SCHEDULING PREHEARING
CONFERENCE (PHC) FOR FEBRUARY 9, 2004, AT 3 p.m., AND DIRECTING
THE PARTIES TO MEET AND CONFER IN ADVANCE OF THE PHC**

Summary

This Administrative Law Judge's (ALJ) ruling schedules a PHC for February 9, 2004, at 3 p.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California, and directs the parties to meet and confer in advance of the PHC.

Background

On January 7, 2003, Assigned Commissioner Lynch issued a Scoping Memo setting forth the scope of this proceeding and the issues to be addressed, along with a preliminary schedule for the filing of supplemental testimony by Southern California Edison Company (Edison) on January 30, 2003, and by the Intervenors on March 28, 2003.¹ The testimony filed by Edison on January 30, 2003, indicated a change in the focus of Edison's application. Edison's initial

¹ The scoping memo initially scheduled intervenor testimony for February 27, 2003, but that date was extended until March 28, 2003, by ruling dated February 21, 2003.

application, filed May 17, 2002, requested Commission authorization to either (1) recognize that Mohave will no longer function as a coal-fired plant after the end of 2005 and establish the appropriate balancing accounts, or (2) authorize Edison to spend up to \$58 million in 2003 on the pollution controls and related capital expenses necessary to allow the facility to continue as a coal-fired plant. Edison indicated in the May 2002 application that it was actively involved in negotiations for a continued supply of coal and water, but unless those critical issues were resolved, it could not continue as a coal-fired plant post 2005.

In its January 30, 2003, testimony, Edison informed the Commission that negotiations on the coal and water issues were stalled, and realistically Edison needed to plan for the decommissioning and closure of the Mohave facility. Edison therefore sought Commission approval for the establishment of balancing accounts for a systematic closure of the plant.

Numerous other parties, however, were adamant that the Commission should consider other solutions to the Mohave facility.

Revised and Rebuttal Testimony

In addition to the testimony served by Edison and the other parties, on January 30 and March 28, 2003, respectively, parties requested the opportunity to serve revised testimony, and concurrent rebuttal testimony. That additional testimony was served on May 16, 2003.

Previous PHCs

An initial PHC, combined with a Public Participation Hearing (PPH), was held on October 11, 2002, in Tuba City, Arizona. It was evident to the Commission from the comments made by the parties at the PHC, and members of the public at the PPH, that the Commission needs to consider numerous options and proposals before it can render a final decision on the Mohave facility.

A second PHC was held on May 23, 2003, and the parties discussed proposals for moving the proceeding forward.

On June 13, 2003, an ALJ ruling requested that the parties prepare additional testimony and/or briefing on (1) Edison's testimony on the critical path necessary for plant re-powering; (2) studies on water supply alternatives; (3) legal effect of California's water policy and use of water from the C-Aquifer or other potential out-of-state sources; and (4) applicability of California Environmental Quality Act and/or the National Environmental Policy Act standards to the Commission's assessment of Edison's application and water and coal alternatives.

Additional testimony and briefs were received on July 1, 2003. After reviewing the testimony and briefs filed by the parties, it was apparent that the parties were stalled on resolving the water and coal issues, and until there was an alternative water source, parties could not adequately prepare testimony on the requested topics, and the proceeding was not ready to move to evidentiary hearings. Specifically, the parties had identified a potential alternative water source, the C-Aquifer, but a feasibility study needed to be conducted to see if it would be a feasible, reliable, and economic water substitute source. The issue was raised as to who should fund this study.

On August 22, 2003, an ALJ ruling requested that parties provide additional testimony on the projected costs and timelines for a variety of options for Mohave. In addition, Edison, Black Mesa Coal Pipeline, Inc. (Black Mesa), Peabody Western Coal Company (Peabody), the Navajo Nation, the Hopi Tribe, and the Salt River Project Agricultural Improvement and Power District (SRP) were directed to meet and confer on whether they would be willing to participate in a voluntary mediation at the Commission to address funding for the feasibility study of the C-Aquifer.

Edison, Peabody, Black Mesa, SRP, the Navajo Nation, and the Hopi Tribe agreed to a voluntary mediation and it was scheduled for October 10, 2003, at the Commission before Judge Malcolm. By the October 10 meeting, the parties had reached a settlement in principle, and then followed up with a written proposal that needed to be signed by all the participants. It is currently in its final signing stage and will be circulated to the service list when completed.

Additional testimony was received from Edison on September 19, 2003, from other parties on October 10, 2003, and concurrent replies were received on October 29, 2003.

February 9, 2004, PHC

The purpose of the February 9, 2004, PHC is to assemble the parties for a discussion of (1) whether a certificate of public convenience and necessity is necessary before the Commission can move forward on the disposition of the Mohave plant, and if one is necessary, what information Edison would have to provide to the Commission that is in addition to that already served in this proceeding; (2) how the testimony and record from the procurement Rulemaking (R.) 01-10-024 can be integrated into this proceeding so parties do not have to duplicate their efforts; (3) whether the Commission has enough testimony in this proceeding and in R.01-10-024 on need, cost, and alternatives to properly evaluate the future of Mohave; (4) a schedule for filing any additional testimony, rebuttal testimony, and for evidentiary hearings;² and (5) whether a workshop would be useful before evidentiary hearings, and if so, a date, and possible location, for the workshop.

² The Commission is looking at June/July 2004.

Meet and Confer

The parties are directed to meet and confer³ in advance of the February 9, 2004, PHC for the purpose of discussing the issues set forth above. Edison is directed to coordinate this meet and confer.

IT IS RULED that:

1. A Prehearing Conference (PHC) is scheduled for Monday, February 9, 2004, at 3 p.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.
2. Parties are directed to meet and confer in advance of the PHC to discuss the topics set forth above.

Dated January 29, 2004, at San Francisco, California.

/s/ CAROL A. BROWN by
LTC

Carol A. Brown
Administrative Law Judge

³ The parties may meet and confer telephonically, in person, or via e-mail.

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Scheduling Prehearing Conference (PHC) for February 9, 2004, at 3 p.m., and Directing the Parties to Meet and Confer in Advance of the PHC on all parties of record in this proceeding or their attorneys of record.

Dated January 29, 2004, at San Francisco, California.

/s/ KE HUANG

Ke Huang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.